

 <div style="text-align: center;"> STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES </div> <div style="text-align: center; font-size: 1.5em; font-weight: bold;">Policy and Procedure</div>		POLICY AND PROCEDURE NUMBER <div style="text-align: center; font-weight: bold;">11.03.020</div>	PAGE <div style="text-align: center;">1 of 9</div>
		EFFECTIVE DATE <div style="text-align: center;">April 2, 1996</div>	
SUBJECT SEF Parts and Parts Warehouse Management		SUPERSEDES DPDR 11.03.020	DATED 12/15/1993
TITLE State Equipment Fleet	CHAPTER SEF Procurement	APPROVED BY	

I. Purpose and Scope:

Introduction:

The management of repair parts and supplies is a vital and integral part of the equipment maintenance function. Proper management of the parts function not only affects the availability and utilization of the equipment fleet, it also has far reaching influences on the overall cost of maintenance.

The Statewide Equipment Fleet (SEF) provides parts support to the state's equipment fleet through a network of warehouses located at strategic repair facilities throughout the state.

The purpose of these procedures is to provide guidelines relative to the management of the SEF parts support function.

Responsibility/Performance:

SEF Headquarters	Ensure promulgation of these procedures. Provide and maintain a computerized parts management system.
SEF District/Region Managers	Ensure adherence to these procedures.
SEF Partspersons	Carry out day-to-day parts management activities in accordance with these procedures.

Definitions:

Repair parts	Parts, components, attachments, kits, materials, etc., that are used in the repair, maintenance, or modification of automotive vehicles and equipment.
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Consumables	Supplies or materials used in the process of repairing vehicles and equipment that are generally consumed (used up) during the process of repair; e.g., welding rod, grinding wheels, fasteners, misc. lubricants, etc. See list in Attachment A.
Warehouse	A storage site designated for SEF repair parts and supplies. SEF warehouses include those primary parts warehouse locations at major SEF repair facilities and other designated parts storage areas in remote repair facilities.
Inventory	The collective group of repair parts and supplies located at a given location. The collective group of repair parts and supplies statewide.
Lead time	The period of time between ordering a part and receiving it.
Seasonality	A parts inventory factor addressing that the demand for certain parts and supplies follows a seasonal trend.

Reference:

SEF Policy DPOL 11.03.002; AS 36.30; 2 AAC 12

II. Distribution:

All holders of the Procedure Manual; all SEF Procedure Manual holders, SEF Parts Managers, and SEF Regional Managers.

III. Procedure:

A. Procurement of Repair Parts and Consumables

All procurement of repair parts and consumables must be made in accordance with Alaska Statutes (AS 36.30), Department of Administration Regulations (2 AAC 12), and Department of Transportation and Public Facilities procurement policy and procedures.

Procurement of repair parts and consumables is an integrated function that requires partspersons and their supervisors to not only adhere to applicable provisions of statute and regulation, but to exercise skill in the following areas.

1. Sourcing (locating) the part(s)
2. Procuring parts or supplies at the best price within guidelines of procurement regulations, being aware of pricing levels amongst competing vendors, and using effective vendor negotiations where applicable to gain not only the best price, but the best terms relative to delivery, timeliness, warranty, quality, etc.
3. Expediting parts and supplies to ensure timely arrival within reasonable cost parameters, balancing the cost of freight with the immediacy of need.

It is the responsibility of all SEF partspersons to procure the necessary parts and supplies to support the state's equipment fleet in accordance with practices that maximize equipment availability while promoting overall cost effectiveness.

B. Security

All repair parts and supplies are to be stored in facilities which ensure the security of the inventory from theft and pilferage. Parts and supply storage facilities should also provide adequate protection from adverse environmental factors; i.e. excessive heat, cold, moisture, etc.

Access to SEF parts warehouse (facilities) is restricted to authorized employees. It is the responsibility of the District/Regional SEF Manager to determine who is authorized access to parts storage facilities.

C. Condition of parts facilities

All parts facilities will be kept clean and maintained in a neat and orderly fashion. Individual parts, where appropriate, will be stored in standard bin boxes, and arranged in orderly fashion on suitable shelving. Parts shall be stored in such a way to ensure safety and to promote efficiency of the parts facilities.

Parts are to be stored using the same reference base used in the EMS relative to bin location, part identification, and manufacturer nomenclature.

D. Accountability of Inventory

In order to maintain the integrity of the statewide parts inventory, all repair parts will be entered into and accounted for on the computerized Equipment Management System (EMS). Consumable parts and supplies ARE NOT to be entered into the EMS. Refer to Attachment A.

A complete physical inventory of all SEF parts facilities shall be conducted at least annually in accordance with time schedules provided by SEF Headquarters. Exceptions to annual inventory requirements can only be granted by SEF Headquarters.

E. Stocking levels

Parts inventory stocking levels shall be kept at the lowest level consistent with providing acceptable, cost effective support to the equipment fleet.

Items to be stocked and stocking levels are to be determined based on factors of demand (usage), cost, availability of the part from local vendors, lead time, criticality of the equipment requiring the part, and seasonal requirements.

Parts which are determined to be above required stocking levels are to be returned to the vendor for credit, or disposed of in accordance with SEF procedures on Excess and Obsolete Automotive and Equipment Parts.

The primary parts warehouse supervisor, in conjunction with the District/Regional SEF Manager is responsible to determine the appropriate stocking level for an individual warehouse/parts facility, and to determine the appropriate mix of times to be carried in inventory. SEF Headquarters is responsible to provide management overview of overall stocking levels and the dollar volume of parts inventories.

F. Parts management reports

Various inventory management reports are available from the EMS. At a minimum, each primary warehouse location should provide monthly reports summarizing inventory activity (purchases, receipts, issues, beginning and ending inventory values) and parts usage history.

G. Audit Trail

An adequate audit trail which meets standard industry practices, and the requirements of various state audit groups, will be maintained. At a minimum, all SEF parts transactions will require the following supporting documentation, which may be accomplished using a combined form(s) as long as the essential elements are covered.

1. Stock Request

Used to initiate all requests for parts and supplies. All parts requirements must begin with a stock request.

2. Purchase Order/Delivery Order Document

Used to authorize purchase of all parts and supplies, and to meet requirements of purchase regulations.

3. Receiving Document

Used to document the receipt of all parts and supplies, and to support data entry of parts receiving.

4. Issue Document

Used to document the issue of all parts and supplies, and to support data entry of parts issues.

H. Excess and Obsolete Parts and Supplies

Excess and obsolete parts are to be removed from SEF inventories on a regular basis. At a minimum, annual reviews of all inventories will be conducted to determine excess and obsolete parts and supplies. Excess and obsolete parts and supplies are those that should no longer be kept in inventory for the following reasons.

1. Demand for the parts do not justify the cost of keeping them in inventory.
2. The state, or the area supported by the parts warehouse, no longer owns the equipment of the type the parts are used for, or the amount of that equipment in a given area has been substantially reduced.
3. The local availability of the part has changed such that it is no longer necessary for it to be stocked in state inventory.
4. The part need can be filled by using another, less expensive cross-referenced substitute item that is already in inventory.
5. The part has exceeded the manufacturer's recommended shelf life and is no longer suitable for installation.

6. Excess and obsolete parts and supplies are to be disposed of in one of the following ways, in order of preference.
 - a. Transferred to SEF warehouses in other Districts/Regions.
 - b. Returned to vendor for credit.
 - c. Sell with excess equipment.
 - d. Sell as salvage lots at auction.
 - e. Discard in accordance with established procedures for disposal of state owned property.

I. Repairable Parts and Core Charge

Certain components and parts are repairable, and/or can be purchased as exchange units. This practice generally requires providing a rebuildable core to the vendor or pay a core charge.

It is the policy of SEF to utilize rebuilt components and parts wherever economically feasible to do so and quantity is as good as "new" parts.

It is the responsibility of SEF parts supervisors to ensure that cores are salvaged, if salvageable and economically feasible, and made available for rebuild or returned to a vendor for credit. It is their further responsibility to ensure appropriate credit is received for all state owned cores not utilized for rebuilding.

IV. Attachments

- A. Consumable Items
- B. Inventory Activity Report
- C. Parts Usage History Summary

ATTACHMENT A - SEF SHOP CONSUMABLE LISTING

SEF SHOP CONSUMABLE LISTING

APRIL, 1996

The purpose of the SEF SHOP CONSUMABLE LISTING is to separate those items which are to be classified as bench stock or shop supplies from parts which are to be inventoried on the EMS. The consumable items on this list ARE NOT TO BE PLACED IN THE EMS INVENTORY.

BENCH STOCK

Copper Tubing
Couplings
 Air Hose
Fasteners
Fittings
 Air Hose
 Brake Hose
 Misc. Grease
 Heater Hose
 Small Pipe
 Tube
Flashers, Small Blinker
Flashlights and Flashlight Batteries
Fuse Holders

Hose
 Brake
 Clamps
 Adapters
 Heater
 Vacuum
 Radiator, except preformed
Keys, Keyway
Lenses, other than OEM
Lug Wrenches
Screws, Brake Bleeder
Springs, Miscellaneous
Tire
 Boots
 Patches
 Valve Caps and Cores
Windshield Sealer
Wire and Wire Clips

SHOP SUPPLIES

Acetylene
Battery and Antifreeze Tester
Body Putty
Cleaning Supplies
De-icer
Emery Cloth and Sandpaper
Gasket Cement
Kerosene
Masking Tape
Oxygen

Paint Thinner
Paint, Touch-up
Penetrating Oil
Propane, Shop Use
Rust Inhibitor
Solder and Cleaners
Tire Gauges
Tire Tools
Welding Supplies
White Gas

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ATTACHMENT B - INVENTORY ACTIVITY REPORT

02/01/96 14:45

State Equipment Fleet
PARTS INVENTORY SUMMARY FY-95 AS OF 6/30/95
Inventory Total Value Report
For Period 07/01/94 thru 06/30/95

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Wh	Description	Beginning Inventory	Receipts	Issues	Transfer	Adjustments	Ending Inventory	Increase/ Decrease
FA	FAIRBANKS-PEGGER	\$541,267.57	\$573,822.38	\$516,463.21-	\$18,773.30-	\$9,058.18	\$588,911.62	\$47,644.05
FC	LIVENGOOD	\$43,903.09	\$28,696.09	\$30,781.54-	\$263.50-	\$0.00	\$41,554.14	\$2,348.95-
FE	HEALY	\$17,615.93	\$13,765.45	\$14,684.81-	\$368.97	\$211.09-	\$16,854.45	\$761.48-
FI	DELTA	\$34,454.52	\$37,597.92	\$37,726.80-	\$4,739.06	\$0.00	\$39,064.70	\$4,610.18
FJ	MONTANA CREEK	\$16,664.35	\$6,074.16	\$5,801.79-	\$524.57	\$0.00	\$17,461.29	\$796.94
FK	CENTRAL	\$20,892.47	\$11,872.01	\$12,620.95-	\$28.00-	\$0.00	\$20,115.53	\$776.94-
FN	SEVEN MILE	\$42,965.94	\$14,651.81	\$12,101.43-	\$898.55	\$0.00	\$46,414.87	\$3,448.93
FO	CANTWELL	\$33,275.06	\$19,828.30	\$18,655.70-	\$5,152.25	\$0.00	\$39,599.91	\$6,324.85
FP	TOK	\$54,665.84	\$48,179.67	\$48,556.70-	\$5,995.35	\$0.00	\$60,284.16	\$5,618.32
FQ	O'BRIEN CREEK	\$33,656.61	\$2,101.87	\$2,166.47-	\$0.00	\$0.00	\$33,592.01	\$64.60-
FR	JIM RIVER	\$34,720.01	\$9,958.72	\$10,624.61-	\$7,542.80-	\$0.00	\$26,511.32	\$8,208.69-
FU	COLDFOOT	\$40,017.80	\$16,122.85	\$11,221.42-	\$4,100.46-	\$1,365.20	\$42,183.97	\$2,166.17
FV	NORTHWAY	\$26,572.72	\$4,481.95	\$7,778.43-	\$1,807.93	\$0.00	\$25,084.17	\$1,488.55-
FX	CHANDALAR	\$59,588.41	\$23,140.47	\$23,736.92-	\$6,215.94-	\$1,158.88-	\$51,617.14	\$7,971.27-
FY	SAG RIVER	\$34,929.95	\$19,494.13	\$20,929.27-	\$71.72	\$0.00	\$33,566.53	\$1,363.42-
FZ	DEADHORSE	\$54,245.44	\$12,731.16	\$13,432.08-	\$543.21	\$0.00	\$54,087.73	\$157.71-
B	INTERIOR DISTRI	\$1,089,435.71	\$842,518.94	\$787,282.13-	\$16,822.39-	\$9,053.41	\$1,136,903.54	\$47,467.83

ATTACHMENT C - PARTS USAGE HISTORY SUMMARY

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State Equipment Fleet

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Item Issue History - Billable/Non-Billable MTD/YTD

Item No	Description		Costs		Issue Price	
			MTD	YTD	MTD	YTD
FA	FAIRBANKS-PEGER ROAD	Billable	6261.11-	41027.83	0.00	0.00
		Non-Billable	72621.30	683689.74	0.00	0.00
		Totals	66360.19	724717.57	0.00	0.00
FC	LIVENGOD	Billable	0.00	0.00	0.00	0.00
		Non-Billable	2701.31	29499.46	0.00	0.00
		Totals	2701.31	29499.46	0.00	0.00
FE	HEALY	Billable	0.00	0.00	0.00	0.00
		Non-Billable	48.18-	4780.61	0.00	0.00
		Totals	48.18-	4780.61	0.00	0.00
FI	DELTA	Billable	19.65	19.65	0.00	0.00
		Non-Billable	5293.01	39868.35	0.00	0.00
		Totals	5312.66	39888.00	0.00	0.00
FJ	MONTANA CREEK	Billable	0.00	0.00	0.00	0.00
		Non-Billable	1437.93	3573.92	0.00	0.00
		Totals	1437.93	3573.92	0.00	0.00
FK	CENTRAL	Billable	0.00	0.00	0.00	0.00
		Non-Billable	746.35	4344.37	0.00	0.00
		Totals	746.35	4344.37	0.00	0.00
Grand Totals		Billable	6241.46-	41047.48	0.00	0.00
		Non-Billable	82751.72	765756.45	0.00	0.00
		Totals	76510.26	806803.93	0.00	0.00